INOX NEO ENERGIES PRIVATE LIMITED

June 26, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term / Short Term Bank Facilities	400.00	CARE A-; Stable / CARE A2+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the proposed bank facilities of Inox Neo Energies Private Limited (INEPL), which is the independent power producer (IPP) arm of the renewable energy business of INOXGFL group, derives strength from INEPL being a part of the group through its holding company, Inox Clean Energy Limited (ICEL, rated CARE A-; Stable). INOXGFL Group has an established presence in the wind segment and speciality chemicals through its flagship companies Inox Wind Limited (IWL, rated CARE A+; Stable / CARE A1+) and Gujarat Fluorochemicals Limited (GFL) respectively. ICEL is the group's third major vertical and is engaged in the business of developing and operating renewable energy (RE) projects as well as manufacturing solar cells and modules through its majority owned subsidiary INEPL and wholly owned subsidiary Inox Solar Limited (ISL) respectively.

Further, CARE Ratings Limited (CareEdge Ratings) notes that INEPL enjoys operational, financial, and managerial support from its promoter group and is actively engaged in company's strategy formulation, including investment plans. As per the sanction terms of the projects under INEPL, the promoters shall extend a promoter undertaking ensuring that Mr. Devansh Jain and family will continue to hold minimum 51% of shareholding in ICEL till currency of debt whilst ICEL shall give a sponsor undertaking for funding any project cost overruns and resizing of debt in INEPL's projects in the event of base case DSCR not being met for two consecutive years out of the first three years from COD. Moreover, CareEdge Ratings positively factors in the strong financial flexibility as reflected by equity raise of 600 crore at the INEPL level through dilution of minority stake to private investors.

Further, CareEdge Ratings notes that INEPL there is operational capacity of 107 MW (57 MW wind & 50 MW solar) along with under construction capacity of 400 MW (350 MW hybrid and 50 MW solar) and pipeline capacity of more than 2.2 GW capacity which is distributed across four SPVs of INEPL, with the asset technology comprising a mix of solar (20%), wind (10%) and solar-wind hybrid (70%) resources thereby providing resource diversification benefits to the company. INEPL has plans of implementing 1 GW of renewable capacity by FY26 end through organic as well as inorganic means. The existing under-construction projects include a 350 MW_{AC} wind-solar hybrid power project and a 50 MW_{AC} solar project, both of which are located in Gujarat and expected to get commissioned by FY26 end.

Further, the ratings are supported by the presence of long-term power purchase agreements (PPAs) up to 25 years for all the operating and under construction projects at a fixed tariff, providing long-term revenue visibility. Moreover, the ratings are strengthened by low counterparty credit risk as ~90% of the total portfolio (507 MW) is contracted with GFL in a group captive mechanism. As per CareEdge Ratings' base case, the company's coverage metrics are comfortable as reflected by average debt service coverage ratio (DSCR) being ~1.35x for the tenor of debt under INEPL's projects. Further, per the terms of sanction, the company shall maintain two quarters debt service reserve account (DSRA) under its projects which provides comfort from the credit perspective.

The rating strengths are however tempered by inherent execution risks, as a sizeable portion of the portfolio is still under development. Further, the generation performance for the operational wind project of INEPL has remained below the designed energy estimates due to past issues of operation and management, which have since been resolved and the generation performance is expected to improve going forward. Further, 90% of the total capacity under INEPL is located in Gujarat thereby exposing the company to geographical concentration risk, however, the same is mitigated to a large extent given the adequate resource diversification for solar and wind generation in Gujarat. The company's ability to commission projects without any material time and cost overrun remains a key credit monitorable. Further, ICEL's capital structure is expected to remain leveraged on account of portfolio being funded through a mix of debt and equity. Per CareEdge Ratings' base case, Total Debt (including debt for under-construction capacity) to earnings before interest, taxation, depreciation, and amortisation (TD/EBITDA) is expected to remain above 5.0x in the near term. Given the leveraged capital structure, in case of hardening of yields, the cash flows and coverage indicators could be adversely impacted. Moreover, the cash flows of the company remain exposed to adverse variation in weather conditions which is customary for renewable energy projects.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Successful commissioning of the underlying capacity along with its operating performance remaining above the designed energy estimates on a sustained basis.
- Faster than expected deleveraging of the overall portfolio.

Negative factors

- Any material cost overrun in underlying projects resulting in actual leverage position being higher than CareEdge Ratings' base case estimate
- Sustained underperformance of the operating portfolio and a deterioration in receivable profile of the platform's assets, as indicated by the elongation of receivable days
- Adverse changes in the company's philosophy on leverage levels (non-project debt) or delay in capital infusion by the shareholders
- Significant deterioration in the credit profile of INOXGFL group or dilution in the operational and financial linkage of INEPL with INOXGFL group.

Analytical approach:

CARE Ratings has considered the consolidated financials of INEPL. The list of subsidiaries getting consolidated at INEPL as on March 31, 2025 is attached as Annexure. Moreover, CARE Ratings has applied its group notch-up framework to factor in the strong strategic and financial support from INOXGFL group towards INEPL. The list of entities getting consolidated at INEPL level is mentioned in Annexure-6.

Outlook: Stable

The stable outlook on the long-term rating of INEPL reflects CareEdge Ratings' opinion that the company will be able to scale up its operating portfolio by commissioning the underlying projects within the scheduled timelines and without any material cost overrun. Further, the outlook is supported by the presence of long term PPAs for the entire operational portfolio.

Detailed description of key rating drivers:

Key strengths

Strong group linkages by virtue of INEPL being a part of INOXGFL group

INEPL is a part of INOXGFL group. The group has an established presence in the speciality chemicals through its flagship company GFL along with its presence in the renewable energy segment through ICEL (Inox Clean Energy Limited), ISL (Inox Solar Limited) and INEPL. The group is promoted by Mr. Vivek Jain and Mr. Devansh Jain's family who hold a significant stake in ICEL.

CARE Ratings takes cognisance of the fact that INOXGFL group has been at the forefront in providing support to its group companies in the past such as Inox Wind Limited (IWL) which has resulted in revival of the company. INOXGFL group has infused more than Rs. 2,000 crore over the last two years apart from raising funds through an IPO of Inox Green Energy Services Limited (IGSEL) which is the O&M arm of the group. As per the sanction terms of the projects under INEPL, the promoters will have to extend a promoter undertaking for ensuring that Mr. Devansh Jain and family will continue to hold minimum 51% of shareholding in ICEL till currency of debt in whilst ICEL has given a sponsor undertaking for funding any project cost overruns and resizing of debt in INEPL's projects in the event of base case DSCR not being met for two consecutive years out of the first three years from COD. This provides comfort from credit perspective regarding the group's stated posture towards its business arms.

Low off-take and counterparty credit risks on account of revenue visibility from long-term PPAs with strong counterparty

The operating capacity of 107 MW (57 MW wind project and 50 MW solar project) has long-term PPAs at a fixed tariff, thereby providing long-term revenue visibility and eliminating offtake risks for the company. The counterparty credit risk for the limited operating portfolio is moderate since 53% of the capacity is tied up with GFL whereas the rest of the capacity is tied up with

MPPMCL. Upon commissioning of under-construction capacity, which is expected by FY26 end, the exposure to strong counterparty (GFL) shall increase to ~90%.

Further, the under-construction projects include 50 MW solar power project and a 350 MW solar-wind-hybrid project. The company, via its SPVs, has signed long term PPAs for up to 25 years for these projects with GFL for at Rs 4.00 per unit with a guaranteed offtake of 70% of the power produced from these projects. The PPAs with GFL have compensation clauses for backing down or termination due to off-taker event of default, which is a credit positive.

Resource diversification as the entire capacity is split between solar and wind segment

The 507 MW capacity is distributed across four SPVs of INEPL, with the assets comprising a mix of solar (20%), wind (10%) and solar-wind hybrid (70%) resources at a combined level thereby providing resource diversification benefits to the company.

Comfortable debt coverage indicators of the portfolio along with 2 quarters DSRA in the projects

The company's coverage metrics are comfortable as reflected by average debt service coverage ratio (DSCR) being ~1.35x. Per the terms of sanction, the company shall have two quarters debt service reserve account (DSRA) for the projects which provides comfort from the credit perspective

Key weaknesses

Execution risks on account of sizeable under-construction capacity

As on June 2025, the group has a total capacity of 507 MW (operational; 107 MW and under construction; 400 MW) which has PPAs in place consisting of wind, solar and wind-solar hybrid capacity. The group intends to commission 1 GW renewable capacity by FY26 end by organic as well as inorganic means. Given the large proportion of overall portfolio is under-implementation, the company's ability to commission capacities within the envisaged timelines without any material time and cost overrun would remain a key credit monitorable.

Subdued performance in the operational wind project

The generation performance for the operational wind portfolio of 57 MW has remained below the designed energy estimates, due to past issues of operation and management that have since been resolved, and is expected to improve going forward.

Leveraged capital structure along with exposure to adverse variation in interest rates

The capital structure of the company is leveraged on account of debt-funded capex incurred for setting up the underlying capacity. The same is reflected by the projected total debt (including debt for under-construction capacity) to earnings before interest, taxation, depreciation, and amortisation (TD/EBITDA) of ~5.3x as on FY27 end which shall be the first full year of operations for the envisaged capacity. Per CareEdge Ratings' base case, Total Debt (including debt for under-construction capacity) to earnings before interest, taxation, depreciation, and amortisation (TD/EBITDA) is expected to remain above 5.0x in the near term. Given the leveraged capital structure, in case of hardening of yields, the cash flows and coverage indicators could be adversely impacted.

Geographical concentration risk with 90% of the tied-up capacity is located in Gujarat

90% of the total tied-up capacity under INEPL is located in Gujarat thereby exposing the company to geographical concentration risk. Though, the same is mitigated to a large extent given the adequate resource diversification for solar and wind generation in Gujarat.

Vulnerability of cash flows to variation in weather conditions

Since tariffs from the projects are one part in nature, the company may book lesser revenues in the event of non-generation of power due to variation in weather conditions and/or equipment quality. This, in turn, would affect its cash flows and weaken its debt servicing ability.

Liquidity: Adequate

The liquidity position of the company is adequate as reflected by the free cash and bank balance of ~Rs. 333 crore on consolidated level as on March 31, 2025. Moreover, CareEdge Ratings positively factors in the strong financial flexibility as reflected by equity raise of 600 crore at the INEPL level through dilution of minority stake to private investors. Going forward, in the short to medium term, as articulated by the management, further pipeline of projects shall be funded through infusion from the holding company i.e. ICEL and there are no plans of taking any Holdco debt at INEPL level.

Applicable criteria

Consolidation
Definition of Default
Factoring Linkages Parent Sub JV Group
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Project stage companies
Infrastructure Sector Ratings
Solar Power Projects
Short Term Instruments
Wind Power Projects

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power Generation

Incorporated in January 2018, with the objective of InoxGFL group to venture in renewable power generation business, INEPL is a subsidiary of ICEL. Its majority stake is held by ICEL while the rest is being held by private HNI investors. Currently, INEPL has an operational capacity of 107 MW & an under-construction capacity of 400 MW with ambitions of achieving 1 GW of operational capacity by FY26 end. The current operational & under-construction capacity's offtake is largely tied up under the group captive mechanism with GFL which has a strong credit profile.

Brief Consolidated Financials (₹ crore)	March 31, 2025 (UA)
Total operating income	4
PBILDT	1
PAT	2
Overall gearing (times)	NM
Interest Coverage (times)	NM

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Non-fund-based - LT/ ST-BG/LC		-	-	-	400.00	CARE A-; Stable / CARE A2+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Non-fund-based - LT/ ST-BG/LC	LT/ST	400.00	CARE A-; Stable / CARE A2+				

LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Annexure-6: List of entities consolidated as on March 31, 2025

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	IGREL Mahidad Limited	Full	Subsidiary
2	Flurry Wind Energy Private Limited	Full	Subsidiary
3	Flutter Wind Energy Private Limited	Full	Subsidiary

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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